

LAW OFFICES
NELSON MULLINS RILEY & SCARBOROUGH, L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP

JAMES H. JEFFRIES IV
(704) 417-3103

INTERNET ADDRESS: JJ5@NMRS.COM

BANK OF AMERICA CORPORATE CENTER
SUITE 2400

100 NORTH TRYON STREET

CHARLOTTE, NORTH CAROLINA 28202-4000

TELEPHONE (704) 417-3000

FACSIMILE (704) 377-4814

WWW.NMRS.COM

OTHER OFFICES:

ATLANTA, GEORGIA

CHARLESTON, SOUTH CAROLINA

COLUMBIA, SOUTH CAROLINA

GREENVILLE, SOUTH CAROLINA

MYRTLE BEACH, SOUTH CAROLINA

RALEIGH, NORTH CAROLINA

WINSTON-SALEM, NORTH CAROLINA

RECEIVED

June 24, 2003

JUN 26 2003

SARA KYLE, COMMISSIONER
TN REGULATORY AUTHORITY

The Honorable Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Application of Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs and the Approval of Revised Service Regulations
Docket No. 03-00313

Dear Chairman Kyle:

On April 29, 2003, Nashville Gas Company ("Nashville Gas") filed its general rate case request for an adjustment to its rates and charges in the above-captioned docket. On June 2, 2003, The Tennessee Regulatory Authority declared this matter to be a contested case and appointed Director Pat Miller as the presiding Hearing Officer. Nashville Gas has recently discovered that one narrow aspect of its proposed filing may have an unintended and potentially detrimental effect on certain industrial customers now receiving service from Nashville Gas and could also result in an unanticipated windfall to Nashville Gas if not corrected. The purpose of this filing is to identify this fact and to present errata tariff sheets and certain service regulation pages to the Authority correcting this aspect of Nashville Gas' previous filing.

In its April 29, 2003 filing, Nashville proposed certain changes to the usage criteria for several of its industrial rate schedules (Schedules 303, 304 and 313) in order to conform the basic structure of those schedules with similar industrial rate structures in place in North Carolina and South Carolina. These changes involved utilizing somewhat different daily and monthly usage eligibility calculations from those currently in place for Tennessee industrial customers. In proposing these changes, it was not Nashville Gas' intent to cause a shift in rate category or increase in rates to any existing Tennessee industrial customer but simply to alter the way in which the eligibility factors were quantified so as to be consistent with criteria in place in other jurisdictions. Nashville Gas has recently become aware, however, that applying the newly quantified eligibility criteria to several of Nashville Gas' small industrial customers will result in a number of these customers being reclassified as Commercial customers. This reclassification will, in turn,

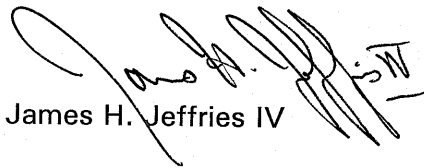
The Honorable Sara Kyle
June 24, 2003
Page 2

result in these customers paying higher rates for such service purely as a result of this reclassification. The revenue increase requested in this docket, in the amount of \$18,451,651, is unaffected by this change, however, if not corrected, Nashville Gas would experience increased revenues over and above those requested in this case.

In order to keep these small industrial customers in their existing service category, and to avoid an unanticipated windfall to the Company, Nashville Gas respectfully submits an original and 15 copies of the enclosed redlined errata tariff sheets and selected pages from Section 1 of Nashville Gas' service regulations. These sheets correct the problem discussed above and avoid any change in classification for existing industrial customers. Nashville Gas submits that no party will be harmed by the acceptance of these errata tariff sheets inasmuch as they will result, if approved, in lower revenues to the Company than the currently pending tariff sheets and would preserve the existing classification of small Tennessee industrial customers.

Please accept the enclosed sheets for filing and return the additional file-stamped copy to me in the enclosed envelope.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Jeffries IV", with a stylized flourish at the end.

James H. Jeffries IV

JHJ/srl

Enclosures

c: Mr. Joe Shirley
Mr. Vance Broemel
Mr. R. Dale Grimes

RATE SCHEDULE NO. 303

Large General Sales Service

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is ~~reasonably anticipated to equal or exceed 500 therms when adjusted for curtailment and cycle length~~ whose usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. Availability under this Rate Schedule for new Customers will be based on reasonably anticipated usage. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule 309 concurrent with service provided under the Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule No. 313 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

MARGIN RATE

Customer Charge (per month)	\$300.00
Demand Charge (per therm of billing demand)	\$.8000
Commodity Charge (per therm)	
1 st Step (0-15,000 therms)	\$.0800
2 nd Step (15,001-40,000 therms)	\$.0560
3 rd Step (40,001-90,000 therms)	\$.0400
4 th Step (Over 90,000 therms)	\$.0240

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the customer charge plus the monthly demand charge.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge

BILLING DEMAND

The billing demand shall be determined as follows:

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year. The per unit demand charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.

For Customers commencing initial gas service under this Rate Schedule and who do not have a consumption history from other services provided by the Company, the billing demand determinant shall be the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms. If a Customer has received gas service from the Company prior to receiving service under this rate schedule, but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based upon the highest monthly level of consumption during the previous winter period multiplied by six percent (6%).

SERVICE AGREEMENTS

All Customers purchasing gas under this Rate Schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and Regulations as filed with the TRA.

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$25.00.

ADJUSTMENTS

Bills for service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the TRA and Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgement as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

SERVICE INTERRUPTION AND CURTAILMENT

NASHVILLE GAS COMPANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No. 303

Exhibit ____ (BRM-2)

Page 3 of 3

Gas service under this schedule is subject to the provisions contained within TRA Rate Schedule No. 306, "Schedule for Limiting and Curtailing Service".

2000 November 1, 2003

EFFECTIVE: June 1,

DOCKET NO 03-

RATE SCHEDULE NO. 304

Interruptible General Sales Service

AVAILABILITY

Gas service under this rate schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose ~~average daily gas usage is reasonably anticipated to equal or exceed 500 therms when adjusted for curtailment and cycle length, usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day.~~ Availability under this rate schedule for new Customers will be based on reasonably anticipated usage. An existing Customer may also qualify for service under this Rate Schedule by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule No. 314 by giving written notice to the Company prior to April 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

Customers purchasing gas pursuant to this schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas service without further notice to the Customer in the event Customer fails to curtail Customer's use of gas in accordance with the Company's notice of curtailment.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

MARGIN RATE

Customer Charge (per month)	\$300.00
Commodity Charge (per therm)	
1st Step (0-15,000 therms)	\$.0800
2nd Step (15,001-40,000 therms)	\$.0560
3rd Step (40,001-90,000 therms)	\$.0400
4th Step (Over 90,000 therms)	\$.0240

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the Customer Charge.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge for gas delivered. The Customer Charge will be billed from the date of initial service until service is terminated at the Customer's request.

SERVICE AGREEMENTS

All Customers purchasing gas pursuant to this schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and Regulations as filed with the TRA.

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$25.00.

ADJUSTMENTS

Bills for service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the TRA and Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new and additional service or the transfer of existing service to higher priority end use will be supplied based upon the Company's judgement as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

SERVICE INTERRUPTION AND CURTAILMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service".

RATE SCHEDULE NO. 313

Firm Transportation Service

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 500 therms per day. Availability under this Rate Schedule for new Customers will be based on reasonably anticipated usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 303 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

APPLICABILITY AND CHARACTER OF SERVICE

Transportation service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations, subject to such maximum allowable daily deliveries as may be specified in the Gas Service Contract.

The Company reserves the right to suspend service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by the Company under this Rate Schedule. The Company reserves the right to reduce nominations when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems. Company will use its best efforts to notify the Customer or the Customer's agent before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service, described below, when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use its best efforts to notify the Customer or the Customer's agent before initiating Standby Sales

Service.

By 10:30am central time four business days prior to the beginning of each month, the Customer shall inform the Company of its a) nomination of the daily quantity of gas to be transported for such month, and b) choice of pipeline for transportation for such month. If the Customer does not provide a timely nomination to transport gas provided by a party other than the Company, the Customer will have requested Standby Sales Service provided herein by default. By 10:30am central time six business days prior to the beginning of each month, the Customer must inform the Company of the nominating agent for gas to be transported. Changes to nominations for gas transportation within the month are due by 10:30am central time on the business day prior to gas flow.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against the Company. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

MONTHLY IMBALANCE RESOLUTION

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances, as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below "plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, for the months of November through March, or the commodity rate under the applicable pipeline percentages as defined in the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, plus \$0.05, for the months of April through October.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in Natural Gas Week, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in Natural Gas Week, plus the pipelines FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%

NASHVILLE GAS COMPANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No. 313

Exhibit ____ (BRM-2)

Over 20%

150%

page 3 of 7

50%

"The Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Spot Prices on Interstate Pipeline Systems for the following pipeline designations and weighted by the corresponding percentages set forth below:

Tennessee Gas Pipeline Co. Zone 0:South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co.: Rayne, La.	X	6.32% ¹

The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the cash-out of imbalances.

AGENCY AUTHORIZATION FORM

A Customer may authorize an agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an agent, the agent is then authorized to act on behalf of that Customer and as such, the agent can be considered as the Customer in all references contained within this Rate Schedule. The Customer may not change agents within the calendar month without the permission of the Company. All agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover all costs incurred in providing the agent access to the electronic bulletin board.

STANDBY SALES SERVICE

At the option of the Customer, an election may be made monthly to receive Standby Sales Service from the Company under this Rate Schedule for delivery to the Customer at the Company's city gate. The Customer will also receive Standby Sales Service as a default if the Customer or the Customer's agent fails to submit a timely and valid nomination for transportation service. In addition to paying the Monthly Standby Index Price set forth below for Standby Sales Service hereunder, the Customer will utilize the transportation services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be delivered to the Customer's meter. The price which the Customer shall pay for the gas supplied under this paragraph will be the Monthly Standby Index Price defined as follows: "The weighted average index price for the applicable month as published in the first *Natural Gas Week* for such month in the table Spot Prices on Interstate Pipeline Systems in the column labeled "Bid Week", for:

Tennessee Gas Pipeline Co. Zone 0:South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co.: Rayne, La.	X	6.32% ¹

1 These percentages are the ratio of the contracted winter capacity in effect at the time of the Company's most recent general rate case.

If the Customer nominates transportation service hereunder and purchases gas supplies from a third party supplier, and such Customer's consumption exceeds actual deliveries to the Company from such third party supplier to the point where operational problems are created for the Company, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the Monthly Standby Index Price or the Daily Standby Index Price defined as follows:

The midpoint daily index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey", for the "Tennessee 500 Leg". For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the price as published on the nearest subsequent day by Gas Daily.

Applicable firm transportation tariff commodity charges, fuel and any other surcharges as defined in the above transporters' FERC approved tariffs will be added to the above standby index prices. The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the standby index prices.

MARGIN RATE

Customer Charge (per month)	\$300.00
Demand Charge (per therm of billing demand)	\$.8000
Commodity Charge (per therm)	
1st Step (0-15,000 therms)	\$.0800
2nd Step (15,001-40,000 therms)	\$.0560
3rd Step (40,001-90,000 therms)	\$.0400
4th Step (Over 90,000 therms)	\$.0240

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the customer charge plus the monthly demand charge multiplied by the billing demand determined as described below.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge.

BILLING DEMAND

The billing demand shall be determined as follows:

Customer billing demand determinate shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinate will become effective June 1 of each year. The per unit charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.

For Customers commencing initial gas service under this Rate Schedule and who do not have a consumption history from other services provided by the Company, the billing demand determinate shall be based upon a reasonable assumption of usage considering the connected load. If a Customer has received gas service from the

Company prior to receiving service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based on the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms.

SERVICE AGREEMENTS

All Customers receiving service under this Rate Schedule shall be required to execute the Company's standard contracts and/or service applications and shall be subject to the Company's Rules and Regulations as filed with and approved by the Tennessee Regulatory Authority (TRA).

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$25.00.

ADJUSTMENTS

Bills for transportation service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the TRA and the Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgement as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the TRA Rules and Regulations, Orders of the TRA, and the Laws of the State of Tennessee.

SERVICE CURTAILMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service".

**AGENCY AUTHORIZATION FORM
RATE SCHEDULE NO.313**

DATE

**CUSTOMER
NAME OF FACILITY**

ACCOUNT NUMBER(S)

AGENT

AGENT CONTACT _____ PHONE #

This is to advise **Nashville Gas Company** that _____ **(Customer)** has authorized
_____ **(Agent)** to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution, _____ billing,

of gas for the above listed account(s). Nashville Gas Company is hereby authorized to deal with the Agent directly, and by signature below, the Customer and the Agent understand that they are responsible, jointly and severally for any amounts due Nashville Gas Company under this Rate Schedule which are not paid by agent on these accounts. Customer will provide Nashville Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least six (6) business days prior to changing Agents of the accounts designated.

AUTHORIZED
SIGNATURE _____
FOR THE CUSTOMER

AUTHORIZED
SIGNATURE _____
FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE
PHONE # _____ FAX #
MAILING ADDRESS _____

Please submit to: End User Transportation
Nashville Gas Company
A Division of Piedmont Natural Gas Company
P O Box 33068
Charlotte, NC 28233
Fax # _704 365-8740

RATE SCHEDULE NO. 362

Medium General Service – Value Rate

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of ~~North Carolina~~ Tennessee to any full requirements non-residential Customer whose average daily usage is equal to or greater than 20 dekatherms per day but less than 50 dekatherms per day and whose Summer Load Percentage (SLP) is greater than 30%. Average daily gas usage will be based on the Customer's usage during the most recent calendar year ended on December 31 and adjusted for cycle length. SLP will be determined based upon the percentage of the Customer's total annual usage represented by the Customer's seven (7) month summer usage (April – October). Availability of this Rate Schedule for new Customers or for Customers without at least one full year of usage history will be based on reasonably anticipated usage.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

<u>MARGIN RATE</u>	<u>Winter</u> <u>(November-March)</u>	<u>Summer</u> <u>(April-October)</u>
Customer Charge (per month)	\$75.00	\$75.00
Commodity Charge (per therm)		
1 st 5,000 therms	\$.38100	\$.32998
Over 5,000 therms	\$.38100	\$.32998

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge for gas delivered. The Customer charge will be billed from the date of initial service until service is terminated at the Customer's request.

BACKUP RATE

When gas service is being supplied for use as a Backup Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's backup energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Backup Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating. The per therm Demand Charge shall be equal to the unit Demand Charge applicable to the Company's firm industrial rate schedules.

Input shall be based upon individual Customer's applicable gas equipment rating in:

$$\frac{\text{BTU/Hour} \times 10 \text{ hours}}{100,000 \text{ BTU}} = \text{TH}$$

SERVICE AGREEMENTS

All Customers purchasing gas pursuant to this schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and Regulations as filed with the TRA.

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$25.00.

ADJUSTMENTS

Bills for service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with The Rules, Regulations and Orders of the TRA and Laws of the State of Tennessee.

SERVICE AVAILABILITY

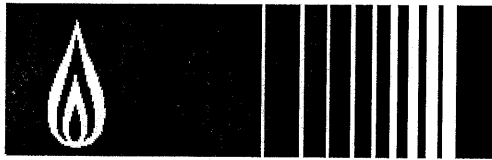
All requests for new and additional service or the transfer of existing service to higher priority end use will be considered based upon the Company's judgement as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

SERVICE INTERRUPTION AND CURTAILMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service".

WEATHER NORMALIZATION ADJUSTMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 315, "Weather Normalization Adjustment Rider".



Nashville Gas Company Service Regulations

Section 1 – GENERAL SERVICE POLICY OF NASHVILLE GAS

Nashville Gas (hereinafter referred to as "the Company") will make free service calls, within certain broad guidelines, around-the-clock on customer appliances connected to our mains. Those service requests requiring immediate attention will be answered as soon as possible. Those of less urgent nature will be answered on a scheduled basis according to the workload. In either case, the Company will make every effort to answer each customer's call promptly and to leave all appliances operating at maximum efficiency.

Free Services (1220-4-5-.06(iii))

The Company provides the following services at no charge to the customer during normal working hours (Mon - Fri, 8am - 5pm, excluding Holidays):

- Install gas meters and regulators for new customers
- Turn-on, turn-off, & service gas meters
- Check for gas leaks
- Investigate the possible presence of carbon monoxide
- Cut off pilots
- Disconnect appliances (disconnect & cap existing pipe only)
- Food Service equipment service including leveling, adjusting, or calibrating
- Diagnostic time or time to provide an estimate for jobbing work
- Quotes for appliance installation
- The first light-up and service call of the heating season on central furnaces (a flat charge applies for each additional light-up)
- Gaslight turn-on and re-lighting
- Service leased water heaters
- Service appliances other than central heating systems or gas air conditioners (no parts needed) including:
 - Service calls to diagnose problems
 - Check gas pressure
 - Adjust burners
 - Clean air mixers
 - Light pilots
 - Clean & adjust pilots
 - Examine flue connections & check draft
 - Check and calibrate thermostats & controls
 - Check appliance wiring & other electrical components
- Service central heating systems including floor furnaces and unit heaters

based on the following criteria:

A. Definitions: As used in Commercial Rate Service Classification, the following terms shall have the meanings assigned below:

- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year.
- (2) "Actual Annual Monthly Usage" shall mean the actual natural gas volumes consumed by the Customer during the highest month of consumption during the Annual Review Period as reflected on the Company's invoices for the Customer.
- (3) "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average daily usage that must be maintained in order to receive service under a rate schedule. The classification usage for Rate Schedule 302 and Rate Schedule 332 shall be less than an average of 20 dekatherms per day. The classification usage for Rate Schedule 352 and Rate Schedule 362 shall equal or exceed an average of 20 dekatherms per day but be less than an average of 50 dekatherms per day.
- (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where curtailment of the Customer's natural gas service was imposed by the Company's decision to curtail.
- (5) "Service Days" shall mean ~~365~~ 30 days less the number of Involuntary Curtailment Days.
- (6) "Average Daily Usage" shall be the Customer's Actual Annual Monthly Usage within the Annual Review Period divided by the number of Service Days ~~within the Annual Review Period~~.
- (7) "Summer Load Percentage" (SLP) shall mean the percentage of the Customer's Actual Annual Usage that occurs during the seven (7) month summer period of April through October in a given calendar year.

B. Procedures:

- (1) At the conclusion of the Annual Review Period of each year and prior

following the most recent Annual Review Period.

- (8) Those customers currently receiving service under Rate Schedule 302, 332, 352, or 362 whose Average Daily Usage in each of the most recent two (2) Annual Review Periods is equal to or greater than 110% of 50 dekatherms per day will be transferred to Rate Schedule 303, 304, 313, or 314 as applicable.
- C. Exceptions: If a customer currently being billed under Rate Schedule 302 or Rate Schedule 332 adds natural gas equipment that increases the Customer's Average Daily Usage to the point where the customer will qualify for Rate Schedule 352 or Rate Schedule 362, the Company may, upon notification from the Customer and subject to installation verification by the Company, transfer the Customer to the new Rate Schedule prior to June 1 of that year.

Industrial Rate Service Classification. Rate service classification under the Company's Rate Schedules, 303, 304, 313 and 314 shall be based on the following criteria:

- A. Definitions: As used in rate service classification, the following terms shall have the meanings assigned below:
- (1) "Annual Review Period" shall mean the twelve (12) months ended on December 31 of each year or the regularly scheduled meter reading nearest December 31.
- (2) "Actual Annual Monthly Usage" shall mean the actual natural gas volumes sold or transported for the Customer by the Company during the highest month of consumption during the Annual Review Period as reflected on the Company's bills for that Customer.
- ~~(2) "Average Dekatherm per Day" shall mean the Actual Annual Usage of a Customer divided by the number of Service Days within the Review Period.~~
- ~~(33)~~ "Classification Usage" shall mean the usage criteria that establishes the minimum and/or maximum average usage that must be maintained in order to receive service under any rate schedule. For existing Customers, the classification usage for Rate Schedule 302, 332, 352, 362 shall not exceed an average usage of 55 dekatherms per day. For existing Customers, the classification usage for Rate Schedules 303, 304, 313 and 314 shall exceed an average usage of 45 dekatherms per day.

- (4) "Involuntary Curtailment Days" shall mean those days or portions of days in the highest month of consumption during a given Annual Review Period where curtailment of the Customer's natural gas service was imposed by the Company's decision to curtail.

~~"Involuntary Curtailment Days" shall mean those days or portions of days in a given Review Period where curtailment of the Customer's natural gas service was imposed by the Company's decision to curtail.~~

- ~~(5) "Review Period" shall mean the twelve (12) months ended on December 31, or the regularly scheduled meter reading nearest December 31.~~

- (5) — "Service Days" shall mean 365 30 days less the number of Involuntary Curtailment Days plus the number of days that Customer consumed an alternative fuel to natural gas.

- (6) "Average Dekatherm per Day" shall be the Customer's Actual Monthly Usage within the Annual Review Period divided by the number of Service Days.

B. Procedure:

Step 1. During January and February of each year, the Company will determine for each Customer served under Rate Schedules, 303, 304, 313 and 314 the Customer's Average Dekatherm per Day usage for each of the two most recent Review Periods.

Step 2. A Rate Schedule 302, 332, 352 or 362 Customer whose usage is 110% of the 50 dekatherms threshold in the two most recent Review periods will be transferred to Rate Schedule 303, 304, 313 or 314, as applicable. A Rate Schedule 303, 304, 313 or 314 Customer whose usage is equal to or less than 90% of the 50 dekatherms threshold in both of the most recent two Review Periods will be transferred to the appropriate Small or Medium General Service Rate Schedule. Customers receiving service under Rate Schedules 303 or 304 shall be eligible to elect transportation service to be effective with the rate reclassification.

All changes in rate classification under this section shall be effective on the first day of June following the review.